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## PTAB Precedential Decision: Putting the Hammer Down on Filing Serial Petitions?

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# PTAB PRECEDENTIAL DECISION: PUTTING THE HAMMER DOWN ON FILING SERIAL PETITIONS?

ASHLEY N. KLEIN & WARREN J. THOMAS<sup>1</sup>

## *Abstract*

*Petitioners for inter partes review proceedings under the America Invents Act routinely file serial petitions to challenge a single patent. Patent owners have criticized such “follow-on” petitions as abusive. The Patent Trial and Appeal Board’s recent precedential opinion in General Plastic Industrial Co. v. Canon Kabushiki Kaisha, IPR2016-01357, Paper 19 (P.T.A.B. Sept. 6, 2017), lays out seven non-exhaustive factors to guide the Board’s consideration of such “follow-on” petitions. This Article summarizes the Board’s analysis of follow-on petitions prior to General Plastic, examines how General Plastic has affected petitioners’ success in having such petitions instituted, and suggests strategies for practitioners going-forward.*

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## INTRODUCTION

Among its many changes to the face of American patents, the America Invents Act (AIA) created *inter partes* review (commonly called IPR), a procedure for challenging the patentability of one or more claims of an issued patent for failure to satisfy the requirements for patentability in 35 U.S.C. §§ 102 and 103.<sup>2</sup> This trial proceeding, conducted by the Patent Trial and Appeal Board (PTAB or “Board”), has become a popular litigation tactic, with much being written on the questions of whether and when to file a petition for IPR and the scope of such a petition.

In the absence of any regulation to the contrary, some petitioners have filed multiple petitions challenging the same patent, which some practitioners call “follow-on” petitions,<sup>3</sup> to the great frustration of the patents’ owners, who argue that this serial filing process is prejudicial.<sup>4</sup> Such owners have looked to the PTAB to offer relief.<sup>5</sup> The PTAB recently provided some guidance, and possibly some relief to patent owners, in its September 2017 decision in *General Plastic Industrial Co. v. Canon*

2. 35 U.S.C. §§ 102–103 (2012).

3. See *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 15 (P.T.A.B. Sept. 6, 2017) (precedential in relevant part) (“There is no per se rule precluding the filing of follow-on petitions after the Board’s denial of one or more first-filed petitions on the same patent.”). A single patent challenged by serial petitioners can also fall into the category of a “follow-on” petition. *E.g.*, *NetApp, Inc. v. Realtime Data, LLC*, IPR2017-01354, Paper 16 (P.T.A.B. Nov. 14, 2017); see discussion *infra* Part III.A. A recent study conducted on all IPR, PGR, and CBM petitions filed on or before June 30, 2017 found that 33% of patents challenged at the PTAB are challenged by two or more petitions. United States Patent and Trademark Office, *An Analysis of Multiple Petitions in AIA Trials*, U.S. PAT. TRADEMARK OFF. (Oct. 24, 2017), [https://www.uspto.gov/sites/default/files/documents/Chat\\_with\\_the\\_Chief\\_Boardside\\_Chat\\_Multiple\\_Petition\\_Study\\_20171024.pdf](https://www.uspto.gov/sites/default/files/documents/Chat_with_the_Chief_Boardside_Chat_Multiple_Petition_Study_20171024.pdf).

4. See Matthew Bultman, *PTAB’s Petition Limits Are Good News For Patent Owners*, LAW360 (Sept. 14, 2017), [http://www.skpf.com/uploads/1560/doc/PTAB\\_Petition\\_Limits\\_Are\\_Good\\_News\\_For\\_Patent\\_Owners.pdf](http://www.skpf.com/uploads/1560/doc/PTAB_Petition_Limits_Are_Good_News_For_Patent_Owners.pdf) (“The use of multiple petitions to challenge a patent over and over has been a sore spot for patent owners, who complain it’s not fair for petitioners to get multiple bites at the apple . . . . The most prickly area for patent owners . . . is when one petition is filed challenging a patent, is unsuccessful, and then the same petitioner takes what the board said in the denial and files a revised petition aiming to fix what was lacking.”) (internal quotation marks omitted).

5. See, *e.g.*, Letter from the American Bar Association Section of Intellectual Property Law to Mr. Wilbur L. Ross, Jr., U.S. Secretary of Commerce, U.S. Patent and Trademark Office (Jul 31, 2017), available at [https://www.americanbar.org/content/dam/aba/administrative/intellectual\\_property\\_law/advocacy/advocacy-20170731-comments.authcheckdam.pdf](https://www.americanbar.org/content/dam/aba/administrative/intellectual_property_law/advocacy/advocacy-20170731-comments.authcheckdam.pdf) (last visited Mar. 3, 2018).

*Kabushiki Kaisha* (made precedential in October 2017),<sup>6</sup> which set out seven factors to guide the PTAB’s analysis of such follow-on petitions.<sup>7</sup>

This Article examines the PTAB’s exercise of its discretion to deny follow-on petitions. Part I discusses the PTAB’s practice before *General Plastic*. Part II discusses the *General Plastic* decision. Part III analyzes selected decisions that apply the *General Plastic* factors. Part IV concludes with recommendations based on the relative success of arguments advanced in the cases discussed in Part III.

## I. THE PRE-GENERAL PLASTIC WORLD

The AIA has granted the PTAB discretion on whether to institute a trial upon petition for IPR. The PTAB *must* deny an IPR petition unless the challenging party’s petition and the patent owner’s preliminary response (if filed) shows there is a “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”<sup>8</sup> But even if that standard is met, institution is still a discretionary decision under 35 U.S.C. § 314(a).<sup>9</sup> Without that assent, an IPR challenge will not proceed. The PTAB also has discretion to deny a petition to institute on the basis that, during “another proceeding or matter involving the patent . . . [the] same or substantially the same prior art or arguments were presented to the Office.”<sup>10</sup>

Prior to the PTAB’s *General Plastic* decision, several PTAB panels identified factors pertinent to the Board’s exercise of its discretion to deny follow-on petitions for IPR under §§ 314(a) and 325(d). For example, in *Conopco, Inc. v. Proctor & Gamble Co.*, the Board declined to institute trial

6 See *Precedential and Informative Decisions*, U.S. PAT. TRADEMARK OFF., <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/precedential-informative-decisions> (last visited Feb. 6, 2018) (noting opinion’s partial precedential designation); see also PTAB Standard Operating Procedure 2 (Rev. 9), Publication of Opinions and Designation of Opinions as Precedential, Informative, Representative, and Routine, available at <https://www.uspto.gov/sites/default/files/documents/sop2-revision-9-dated-9-22-2014.pdf> [hereinafter Standard Operating Procedure 2].

7 See *General Plastic*, IPR2016-01357, Paper 19, at 15–16.

8 35 U.S.C. § 314(a) (2012). The PTAB makes this determination on behalf of the Director of the U.S. Patent and Trademark Office. See, e.g., 37 C.F.R. §§ 42.108(a)–(b) (2016).

9 37 C.F.R. § 42.108(b) (2016) (“[T]he Board may deny [institution of IPR as to] some or all grounds for unpatentability for some or all of the challenged claims.”); see also *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, IPR2013-00324, Paper 19 at 4 (P.T.A.B. Nov. 21, 2013) (“Congress did not mandate [in 35 U.S.C. § 314(a)] that an *inter partes* review must be instituted under certain conditions. Rather, by stating that the Director—and by extension, the Board—*may not* institute review *unless* certain conditions are met, Congress made institution discretionary.”).

10 35 U.S.C. § 325(d) (2015); see also *Valeo N. Am., Inc. v. Magna Elecs. Inc.*, IPR2015-01414, Paper 7 at 13 (P.T.A.B. Dec. 28, 2015) (“[Section 325(d)] gives the Director the authority not to institute review . . . but does not require the result.”).

under § 325(d), clarifying on rehearing that it was proper to “consider whether new prior art or arguments raised in [a] second petition were known or available to [the petitioner] at the time of filing the first petition.”<sup>11</sup> Later, in *NVIDIA Corp. v. Samsung Electronics Co.*, the Board synthesized a list of seven factors from other Board decisions on this subject, and applied them to the panel’s decision to exercise its discretion to deny institution of a follow-on IPR petition.<sup>12</sup>

Apart from articulating these factors in certain cases, however, the PTAB offered no binding guidance regarding when and how panels should analyze such factors while evaluating follow-on petitions.<sup>13</sup> Moreover, the PTAB arguably exercised inconsistent discretion under §§ 314(a) and 325(d) in different cases, sometimes granting and sometimes denying follow-on petitions when the facts presented were similar.<sup>14</sup> These varied outcomes led practitioners to wonder whether institution of IPR from follow-on petitions was more dependent on the panel’s make-up than the facts of the case<sup>15</sup> and made it challenging for both petitioners and patent owners to advocate their

11. See *Conopco, Inc. v. Procter & Gamble Co.*, IPR2014-00506, Paper 25 at 4 (P.T.A.B. Dec. 10, 2014) (informative decision) (denying petitioner’s request for rehearing and panel expansion). This decision was designated as “informative” under the PTAB’s Standard Operating Procedures, which indicated the opinion provided “Board norms” or “guidance” on the issue of multiple petition practice, even though the opinion was expressly *not* binding. See Standard Operating Procedure 2, *supra* note 6 (“This SOP creates internal norms for Board administration; it does not create any legally enforceable rights.”). The earlier decision to deny the petition in the same case was also designated as informative. *Conopco*, IPR2014-00506, Paper 17 at 6 (P.T.A.B. July 7, 2014) (denying institution under 35 U.S.C. § 325(d) because “‘the same or substantially the same prior art’ previously was ‘presented to the Office’ in the [earlier proceeding]”); see also *Informative Opinions*, U.S. PAT. TRADEMARK OFF., <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/decisions-and-opinions/informative-opinions-0> (last visited Feb. 10, 2018).

12. See *NVIDIA Corp. v. Samsung Elec. Co.*, IPR2016-00134, Paper 9 at 6–7 (P.T.A.B. May 4, 2016). As discussed below, *General Plastic* cited these factors in the portion of the order designated precedential, although the PTAB had not given any additional weight to the *NVIDIA* decision through its designation process.

13. As part of its rulemaking process, the USPTO had responded to commenters’ concerns about “potential harassment” of multiple petitions by pointing to several orders, dating back to 2013, “offering guidance” on its exercise of discretion under § 325(d). Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18,750, 18,759 (Apr. 1, 2016). These responses did not expressly address the PTAB’s exercise of discretion under § 314(a).

14. Compare *Butamax Advanced Biofuels, Inc. v. Gevo, Inc.*, IPR2014-00581, Paper 8 (P.T.A.B. Oct. 14, 2014) (denying petitioner’s second IPR petition that sought to address a shortcoming in its initial IPR petition), with *Int’l Bus. Machs. Corp. v. Intellectual Ventures II LLC*, IPR2014-01410, Paper 8 (P.T.A.B. Dec. 18, 2014) (granting petitioner’s second IPR petition that sought to correct an omission of a claim limitation in its initial petition).

15. Jennifer Bush, *A Rare Binding PTAB Decision: Guidance on Multiple Petitions*, BETWEEN THE PARTIES (Nov. 7, 2017), <https://www.betweentheparties.com/2017/11/rare-binding-PTAB-decision-guidance-multiple-petitions/#more-1902> (last visited Mar. 9, 2018).

positions, or plan their strategies, regarding filing or opposing follow-on petitions.<sup>16</sup>

## II. GENERAL PLASTIC: AN EXPANDED PANEL OF THE PTAB PROVIDES GUIDANCE ON FILING SERIAL PETITIONS

The *General Plastic* decision addresses this uncertainty.<sup>17</sup> Petitioner General Plastic Industrial Co. initially filed simultaneous petitions seeking review of two patents.<sup>18</sup> In both proceedings, the PTAB denied institution on the merits.<sup>19</sup> About two months later, or nine months after filing the first two petitions, General Plastic filed new petitions challenging the same patents but based on different prior art than the first petitions.<sup>20</sup>

For each of these “follow-on” petitions, the PTAB exercised its discretion to deny institution under 35 U.S.C. § 314(a), citing the factors identified in *NVIDIA*.<sup>21</sup> In response, the petitioner requested rehearing and argued that trial should have been instituted on the follow-on petitions because petitioners are not limited to filing one petition per challenged patent.<sup>22</sup>

Denying the request for rehearing, an expanded PTAB panel held that the petitioner had not demonstrated that the Board abused its discretion or misapprehended or overlooked any issues when it denied institution of IPR based on its application of the seven *NVIDIA* factors.<sup>23</sup> The *General Plastics* decision recited those seven factors as follows:

16. See Letter from the American Bar Association Section of Intellectual Property Law to Mr. Wilbur L. Ross, Jr., U.S. Secretary of Commerce, U.S. Patent and Trademark Office (July 31, 2017), *available at* [https://www.americanbar.org/content/dam/aba/administrative/intellectual\\_property\\_law/advocacy/advocacy-20170731-comments.authcheckdam.pdf](https://www.americanbar.org/content/dam/aba/administrative/intellectual_property_law/advocacy/advocacy-20170731-comments.authcheckdam.pdf) (“Petitioners and patent owners would appreciate clarity on when, after having a first petition denied, a petitioner may file a second petition.”).

17. See *id.* (“The Section suggests that the PTAB expand upon the list of [*NVIDIA*] factors to consider in applying § 325(d) to deny a petition and issue a corresponding precedential decision to give the public better predictability over how the PTAB handles such issues.”).

18. *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 5 (P.T.A.B. Sept. 6, 2017) (describing the two September 2015 petitions).

19. *Id.*

20. *Id.* at 2–3, 6–8.

21. *Id.* at 9–12 (citing *LG Elecs. Inc. v. Core Wireless Licensing S.A.R.L.*, Case IPR2016-00986, Paper 12 (P.T.A.B. Aug. 22, 2016)); see also *NVIDIA Corp. v. Samsung Elec. Co.*, IPR2016-00134, Paper 9 at 6–7 (P.T.A.B. May 4, 2016) (principally citing “concern[s] about the limited resources of the Board and fundamental fairness for both Petitioner and Patent Owner”).

22. See *General Plastic*, IPR2016-01357, Paper 19 at 12 (noting petitioner’s rehearing argument that criticized the PTAB for “creating an improper *de facto* bar against all follow-on petitions filed after a decision on a first filed petition.”).

23. *Id.* at 19–22.

(1) Whether the same petitioner previously filed a petition directed to the same claims of the same patent;<sup>24</sup>

(2) Whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;<sup>25</sup>

(3) Whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute review in the first petition;<sup>26</sup>

(4) The length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;<sup>27</sup>

(5) Whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;<sup>28</sup>

(6) The finite resources of the Board;<sup>29</sup> and

24. *Accord, e.g.,* Butamax Advanced Biofuels LLC v. Gevo, Inc., IPR2014-00581, Paper 8 at 13 (P.T.A.B. Oct. 14, 2014) (citing H.R. REP. NO. 112-98, pt. 1, at 48 (2011)) (“Allowing similar, serial challenges to the same patent, by the same petitioner, risks harassment of patent owners and frustration of Congress’s intent in enacting the Leahy-Smith America Invents Act.”).

25. *Accord, e.g.,* Xactware Sols., Inc. v. Eagle View Techs. Inc., IPR2017-00025, Paper 9 at 9–10 (P.T.A.B. April 13, 2017) (denying institution where petitioner knew of asserted prior art at time of its prior petition challenging the same claims of same patent); Alarm.com Inc. v. Vivint, Inc., IPR2016-01110, Paper 11 (P.T.A.B. Nov. 28, 2016) (same).

26. *Accord, e.g.,* Toyota Motor Corp. v. Cellport Sys., Inc., IPR2015-01423, Paper 7 at 8 (P.T.A.B. Oct. 28, 2015) (“[T]he opportunity to read Patent Owner’s Preliminary Response in IPR2015-00634, prior to filing the Petition here, is unjust.”). The *General Plastic* decision clarified that this “factor 3 is directed to Petitioner’s potential benefit from receiving and having the opportunity to study Patent Owner’s Preliminary Response, as well as our institution decisions on the first filed petitions, prior to its filing of follow-on petitions.” *General Plastic*, IPR2016-01357, Paper 19 at 7.

27. *Accord, e.g.,* LG Elecs. Inc. v. Core Wireless Licensing S.A.R.L., Case IPR2016-00986, Paper 12 at 15 (P.T.A.B. Aug. 22, 2016) (noting that it was unfair for the petitioner to wait until the last possible day under 35 U.S.C. § 315(b) to file its first petition—a petition which failed to address key claim language of an asserted claim—then seek to “fill in evidentiary gaps long after the bar date through filing a serial second petition, with new evidence and argument”).

28. *Accord, e.g.,* NVIDIA Corp. v. Samsung Elec. Co., IPR2016-00134, Paper 9 at 11 (P.T.A.B. May 4, 2016) (denying IPR where the petitioner “provided no rationale on why it waited until November 4, 2015, more than five months after filing of the first petition on June 1, 2015, in IPR2015-01318, to file the Petition in this proceeding, given that Petitioner was aware of [the prior art] at least by May 8, 2015”).

29. *Accord* Samsung Elec. Co. v. Rembrandt Wireless Techs., LP, IPR2015-00114, Paper 14 at 6 (P.T.A.B. Jan. 28, 2015) (“It is more efficient for the parties and the Board to address a matter once rather than twice.”).

(7) The requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.<sup>30</sup>

The mere fact that the *General Plastic* expanded rehearing panel applied the *NVIDIA* factors was not especially noteworthy. But just over a month later, on October 18, the PTAB designated this portion of the rehearing decision as “precedential,” thus prescribing this framework as binding on all future IPR panels.<sup>31</sup>

The *General Plastic* decision explained that efficient use of post-grant review procedures and equitable treatment of the parties guided its adoption of the seven factors. In particular, the Board explained that “[m]ultiple, staggered petitions challenging the same patent and same claims raise the potential for abuse.”<sup>32</sup> If the PTAB did not use its discretion to restrict such follow-on petitions, the Board continued, petitioners could “strategically stage their prior art and arguments in multiple petitions” so as to use the PTAB’s “decisions as a roadmap, until a ground is found that results in the grant of review.”<sup>33</sup> On the other hand, the PTAB also recognized, some cases may justify a follow-on petition, even by the same petitioner.<sup>34</sup> The factors would represent a “baseline” formulation of “relevant considerations” to assess efficiency and fairness for everyone involved in an IPR proceeding.<sup>35</sup>

Applying these factors to *General Plastic*’s follow-on petitions, the PTAB found that on the facts of those cases, six of the seven factors favored denying IPR. Factor 1 favored denial because “the same claims of the same patent were at issue in the follow-on petitions as in the first-filed petitions, where institutions were denied.”<sup>36</sup> Factors 2 and 3 likewise favored denying IPR because the petitioner had filed the follow-on petitions nine months after filing the first-filed petitions—after the patent owner had filed its preliminary response, the PTAB had denied IPR, and the PTAB had denied petitioner’s request for rehearing.<sup>37</sup> Factors 4 and 5 likewise favored denial because *General Plastic* failed to explain any “unexpected circumstances that

30. *General Plastic*, IPR2016-01357, Paper 19 at 16.

31. *Id.* at 1.

32. *Id.* at 17.

33. *Id.*

34. *Id.* at 18.

35. *Id.* at 17–18.

36. *Id.* at 8.

37. *See id.* at 8 (noting particularly the concern that “Petitioner had modified its challenges in the follow-on petitions in an attempt to cure the deficiencies that the Board identified in its first-filed petitions”).



prompted the new prior art searches, or for the delay” in filing its follow-on petitions.<sup>38</sup> Finally, with respect to Factor 6, the PTAB determined that “the Board’s resources would be more fairly expended on initial petitions, rather than follow on petitions.”<sup>39</sup>

### III. THE POST-*GENERAL PLASTIC* WORLD

As with any flexible and fact-specific framework, the question becomes: How will it be applied? This section analyzes some recent PTAB decisions where the parties have briefed the *General Plastic* factors and the PTAB has issued a decision offering some insights.

#### A. *NetApp, Inc. v. Realtime Data, LLC*<sup>40</sup>

In *NetApp*, the PTAB denied institution of IPR by holding that five of the seven *General Plastic* factors weighed against institution even though this was NetApp’s first petition challenging the patent.<sup>41</sup> The challenged patent was the subject of six IPRs, overall; NetApp’s was the fourth filed.<sup>42</sup> The PTAB noted that the *General Plastic* factors are “typically” used where the *same* party files multiple petitions, but they still “provide a useful framework” when a single patent is challenged by different petitioners.<sup>43</sup>

Nevertheless, since this was NetApp’s first petition, the PTAB agreed that Factor 1 *avored* institution, although it rejected NetApp’s argument that this factor alone resolves the inquiry. The PTAB reasoned that such a conclusion would be contrary to *General Plastic*’s binding determination that each case and factor must be evaluated on its facts.<sup>44</sup>

The Board determined that Factor 3 also weighed in favor of denying NetApp’s petition because the patent owner had filed two preliminary responses in two prior IPRs that collectively addressed all claims of the patent challenged by NetApp, as well as most of its asserted prior art.<sup>45</sup>

38. *Id.*

39. *Id.* The Board did not make any finding as to Factor 7, holding only that “six of the seven factors weigh against institution.” *Id.* at 19.

40. IPR2017-01354, Paper 16 (P.T.A.B. Nov. 14, 2017).

41. *Id.* at 13.

42. *Id.* at 2.

43. *Id.* at 10.

44. *Id.* at 10–11.

45. *See id.* at 9–11. The PTAB gave no weight to NetApp’s argument that “there is no evidence that NetApp had not ‘received’ the patent owner’s response in the earlier filed petitions.” Petitioner’s Reply to Patent Owner’s Supplemental Preliminary Response, *NetApp, Inc. v. Realtime Data LLC*, IPR2017-01354 Paper 15 at 2 (P.T.A.B. Oct. 25, 2017). To the contrary, NetApp’s multiple attempts to stay the district court litigation indicated that NetApp was monitoring the prior IPR proceedings and,

Factor 4 weighed against institution because NetApp had acknowledged the earlier IPR petitions in its related district court litigation, which relied on several of the same prior art references now asserted.<sup>46</sup> Factor 5 also favored denying institution because NetApp provided no explanation for why it waited to file its petition until over three months after serving its invalidity contentions in the related litigation and two months after seeing Realtime's arguments in Realtime's preliminary responses in the prior IPRs.<sup>47</sup> The PTAB faulted NetApp for not explaining how its theories differed from those in the earlier-filed petitions and for not accounting for NetApp's delay.<sup>48</sup>

The remaining factors also favored denying the petition. The Board reasoned that NetApp could have filed its petition sooner and faulted NetApp for not seeking to join the earlier IPRs. Last, instituting NetApp's trial, which would address substantially overlapping claims and art, would have been a "significant waste of the Board's resources" with "no offsetting conservation" of the district court's judicial resources.<sup>49</sup> With a majority of the *General Plastic* factors weighing against institution, the Board denied NetApp's petition.<sup>50</sup>

*B. One World Technologies, Inc. v. The Chamberlain Group, Inc.*<sup>51</sup>

The petitioner in *One World Technologies, Inc.* filed two simultaneous petitions challenging a single Chamberlain patent in September 2016.<sup>52</sup> The Board denied those petitions on the merits in February 2017. About three months later, One World tried again using a new prior art reference.<sup>53</sup> The Board applied *General Plastic* and exercised its discretion to deny review.<sup>54</sup>

The PTAB concluded that most of the *General Plastic* factors weighed strongly against institution of trial. Factors 1 and 3 weighed against

accordingly, used the "wait and see" approach to tailor its arguments in its IPR petition. *NetApp, Inc.*, IPR2017-01354, Paper 16 at 11–12.

46. *NetApp, Inc.*, IPR2017-01354 Paper 16 at 12 (noting that NetApp should have known of all the prior art references at the time it filed its initial petition).

47. *Id.*

48. *Id.*

49. *Id.* at 13. The case was set for trial just two months later. *Id.*

50. *Id.* at 14.

51. IPR2017-01546, Paper 10 (P.T.A.B. Dec. 13, 2017).

52. *Id.* at 6. The parties to this IPR proceeding, filed on June 12, 2017, have a history of patent litigation in both IPR proceedings and district court litigation. *Id.* at 2–3. The current IPR resulted from the patent owner, the Chamberlain Group, asserting the '275 patent against petitioner in the Northern District of Illinois. *Id.* at 2; see *Chamberlain Grp., Inc. v. Techtronic Indus. Co.*, No. 16-CV-06097, 2016 U.S. Dist. LEXIS 12909 (N.D. Ill. Sept. 15, 2016) (filed June 10, 2016).

53. *One World Tech., Inc.*, IPR2017-01546, Paper 10 at 6.

54. *Id.* at 9.

institution because every claim in the present petition had been challenged by One World in its earlier petitions, and the PTAB had already ruled on them.<sup>55</sup> The two-month delay between locating the new prior art reference and filing the new petition was viewed as neutral for Factor 4.<sup>56</sup> With little further analysis, the PTAB found Factors 6–7 also favored denying the petition.<sup>57</sup>

As to Factors 2 and 5, the PTAB criticized the petitioner's lack of explanation for why it could not have located and asserted the new prior art reference sooner. The petitioner argued that claim construction rulings from the related infringement litigation spurred it to search for new and different prior art references.<sup>58</sup> But the second factor asks whether the petitioner knew or *should have known* of a new prior art reference.<sup>59</sup> With no explanation from the petitioner as to why the new reference “could not have been found with a reasonably diligent search,” the PTAB found Factors 2 and 5 weighed against institution.<sup>60</sup>

Having found that all seven *General Plastic* factors either weighed against the petition or were neutral, the PTAB denied the petition.<sup>61</sup>

### C. *Panduit Corp. v. CCS Tech., Inc.*<sup>62</sup>

In contrast to the cases above, in *Panduit*, the PTAB granted IPR on a follow-on petition under the *General Plastic* factors. In a first set of petitions, the PTAB granted institution on several challenged claims.<sup>63</sup> But it denied institution as to claims 3 and 4 on the basis that the petitioner Panduit had failed to show that the asserted reference was a printed publication and

55. *Id.* at 6–8.

56. *See id.* at 8 (noting that the petitioner did not explain why two-month gap was reasonable).

57. *See id.* at 9 (“[A]nalysis of ‘multiple, staggered petition filings’ is, in general, ‘an inefficient use of the *inter partes* review process and the Board’s resources.’” (quoting *General Plastic*, Paper 19 at 21)).

58. *Id.* at 6–7.

59. *Id.* at 5–6.

60. *See id.* at 6–7 (applying Factor 2). The PTAB also questioned the petitioner's explanation that it used the Federal Circuit's claim construction ruling as a basis for the new prior art search, which it requested “shortly after” the PTAB denied the earlier petitions. *Id.* at 7; *see also id.* at 8–9 (analyzing Factor 5 and characterizing Petitioner's explanation as “conclusory” and lacking “sufficient detail to justify the nine months that elapsed between filing the [earlier] petitions . . . and the present petition”).

61. *Id.* at 2.

62. IPR2017-01323, Paper 8 (P.T.A.B. Nov. 8, 2017). The parties were also involved parallel proceeding IPR2017-01375, challenging a different patent from the same family that had been asserted in the underlying district court action. The PTAB's decision to institute applies nearly identical reasoning as to the *General Plastic* factors.

63. *Id.* at 2–3.

eligible to be used as prior art.<sup>64</sup> Panduit then filed a follow-on petition challenging claims 3 and 4 based on a new prior art reference.

The PTAB instituted review and rejected the patent owner's arguments that the *General Plastic* factors counseled against institution.<sup>65</sup> The PTAB described Panduit's first challenge to patent claims 3 and 4 as "not unreasonable, especially in light of [Panduit's] proffer[]" of a declaration in the prior case in an attempt to support its contentions about the document's public availability and the differently claimed features of the challenged claims.<sup>66</sup> Since the petitioner was now using a different reference that indisputably qualified as prior art, the PTAB did not view Panduit as "using [the Board's] decisions as a roadmap."<sup>67</sup> While the PTAB did not perform an explicit analysis for all the *General Plastic* factors, it nevertheless found that the factors did not point toward denying the trial.<sup>68</sup> The Board therefore proceeded to analyze the new ground on its merits, and, ultimately, instituted trial on the two challenged claims.<sup>69</sup>

#### IV. A PRACTITIONER'S PERSPECTIVE AND RECOMMENDATIONS

The early results following *General Plastic* suggest that the PTAB is tightening up significantly on instituting review based on follow-on petitions. The *General Plastic* factors have, as of this writing, been used to deny such petitions more frequently than they have been found to allow one.<sup>70</sup>

Some more particular trends may be inferred from the early cases applying the precedential *General Plastic* factors. First, one of the important considerations for petitioners appears to be timing. Three of the *General*

64. *Id.* at 1–2, 8. The alleged prior art reference was a "draft" technical standards document that the patent owner contended was not made publicly available. *Id.* at 8–9.

65. *Id.* at 7–8.

66. *Id.* at 9–10.

67. *Id.* at 10. Because the PTAB never reached the *merits* of the arguments about the claim and prior art, Panduit could not have used either the patent owner's preliminary response or the institution decision as such a "roadmap" to improve the petition. *Id.*

68. *Id.* at 7–10.

69. *Id.* at 38.

70. See *supra* Parts III.A–C. Several other cases exercising discretion to deny the petition are noted below. A recent exception is *Cisco Sys., Inc. v. FatPipe Networks Private Ltd.*, IPR2017-01845, Paper 14 at 14–17 (P.T.A.B. Feb. 6, 2018) (finding *General Plastic* factors *avored* considering the petition on the merits because Cisco had not previously challenged the patent, new art was being used, the earlier institution decision did not address the merits of the earlier preliminary responses, and Cisco filed its petition two months after it found its primary reference, which was located without the assistance of the earlier petitioner).

*Plastic* factors explicitly consider the timing of a second petition.<sup>71</sup> It appears that a “wait and see” approach, where the patent owner’s preliminary response and, or, the Board’s decision to institute are used as a “roadmap” to improve the art and arguments, is disfavored by the Board for purposes of exercising its discretion to review based on a follow-on petition.<sup>72</sup> Indeed, based on the early outcomes, such a “wait and see” approach might even be characterized as one of the chief practices that the *General Plastic* factors will be applied to prevent. If the same party is challenging the same claims after an earlier petition was denied, even in part, the new petition will, based on the decisions so far, likely be denied.<sup>73</sup>

In light of this trend, a petitioner may wish to act quickly to file subsequent petitions.<sup>74</sup> Petitioners should carefully probe for any weaknesses in the prior art and arguments and, if doubt remains after a first petition (or set of simultaneous petitions), then petitioners should try to have follow-on petitions filed—or nearly so—before any patent owner preliminary response is filed.

Moreover, follow-on petitioners should consider explaining *why* the second petition is needed and justify its timing. Relevant to each of Factors 2, 4, and 5, the PTAB appears to place the burden on petitioners to come forward with a meaningful explanation—perhaps supported with testimonial or documentary evidence—to justify delay or “discovery” of new prior art.<sup>75</sup>

71. See *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 16 (P.T.A.B. Sept. 6, 2017) (Factors 2, 3, and 4).

72. See, e.g., *NetApp, Inc. v. Realtime Data LLC*, IPR2017-01354, Paper 16 at 11–12 (P.T.A.B. Nov. 14, 2017).

73. See *supra* Part III.B; see also, e.g., *Fisher & Paykel Healthcare Ltd. v. ResMed Ltd.*, IPR2017-01905, Paper 7 at 11–20 (P.T.A.B. Jan. 25, 2018). On the other hand, at least one panel explained that when the petitioner has not already challenged the same patent, then “factors 2–5 bear little relevance unless there is evidence in the record of extenuating circumstances.” *Fitbit, Inc. v. Blackbird Tech LLC*, IPR2017-02012, Paper 8 at 15–16 (P.T.A.B. Mar. 12, 2018) (instituting trial even through four other petitions had been filed against the same patent where Fitbit’s petition was filed before a decision to institute was issued in an earlier proceeding using different prior art, and where Fitbit had “not yet reviewed the content” of two contemporaneously filed petitions by another party).

74. See, e.g., *Nevro Corp. v. Bos. Sci. Neuromodulation Corp.*, IPR2017-01920, Paper 12 at 25 (P.T.A.B. Feb. 5, 2018) (“Although Petitioner previously filed two petitions directed to these claims (Factor 1), and apparently knew of the applied prior art at that time (Factor 2), *only 21 days elapsed* between filing of the initial petitions and that presented here (Factor 4). Moreover, Petitioner contends that the time elapsed between filings is due to Patent Owner’s decision to narrow the claims asserted in co-pending district court litigation (Factor 5).”) (emphasis added) (citations omitted).

75. See, e.g., *One World Tech., Inc v. The Chamberlain Grp., Inc.*, IPR2017-01546, Paper 10 at 8 (P.T.A.B. Dec. 13, 2017) (petitioner’s conclusory statements did not meaningfully explain its delay); see also *Starbucks Corp. v. Ameranth, Inc.*, CBM2017-00053, Paper 7 at 21 (P.T.A.B. Dec. 4, 2017) (noting that petitioner’s mention of new infringement contentions served in the underlying district court case does not explain why these new contentions would support petitioner’s decision to file a later petition or delay); *Alere Inc. & Innovacon, Inc. v. Rembrandt Diagnostics, LP*, IPR2017-01130, Paper 10 (P.T.A.B. Sept. 28, 2017) (noting that when a later-filed petition is filed after the preliminary response and institution decisions have issued in an earlier filed IPR, a petitioner should explain why the second proceeding is

Relatedly, if a strong reference has some uncertainty as to its printed publication status, that may be a candidate to assert in an *earlier* petition and then save weaker, but unquestionably qualifying, prior art for a follow-on petition. And given the PTAB's close examination of the petitioner's explanations, petitioners may wish to consider addressing the *General Plastic* factors in the petition rather than hope the PTAB allows a reply brief.<sup>76</sup>

Patent owners, on the other hand, appear from preliminary results to have a new, strong tool to combat serial petitions. This tool would appear to be most useful when a new petition comes after an earlier petition directed at the same claims gave the petitioner the opportunity to view the patent owner's preliminary response and even the PTAB's decision to institute. Patent owners should therefore consider looking for ways to characterize petitioner's arguments as shifting or responding to positions taken by either the patent owner or the PTAB, and to characterize the petitioner as using those papers as a roadmap to take a "second bite at the apple."<sup>77</sup> Moreover, any instance where a patent is challenged with a follow-on petition—whether or not by the same party or against the same claims—would appear to present a chance to use the *General Plastic* factors in the patentee's favor.<sup>78</sup> Likewise, any deficiency related to the petitioner's analysis of (or lack thereof) of the *General Plastic* factors in the petition may be exploitable by the patent owner in the preliminary response.

appropriate—when no such reasoning is provided by the petitioner, this factor “weighs strongly in favor of non-institution”); *Apple Inc. v. Immersion Corp.*, IPR2017-01371, Paper 7 at 15–16 (P.T.A.B. Nov. 21, 2017) (noting that petitioner's reasoning that the later-petition addresses claims not previously challenged does not “justify permitting” petitioner to wait to file its later-petition until after it had the advantage of seeing the Board's decision in the earlier IPR proceeding).

76. While the PTAB *has* permitted some parties to file replies to the patent owner's preliminary response, it is a matter of panel discretion and requires a showing of good cause. *See* 37 C.F.R. § 42.108(c) (2016) (“A petitioner may seek leave to file a reply to the preliminary response in accordance with §§ 42.23 and 42.24(c). Any such request must make a showing of good cause.”). *Compare Sandoz, Inc. v. Genentech, Inc.*, IPR2017-02036, Paper 11 (P.T.A.B. Jan. 24, 2018) (granting petitioner's request for authorization to file a reply addressing the exercise of discretion under 35 U.S.C. § 314(a) where the petition was filed before the *General Plastic* decision, but finding no good cause to authorize petitioner's reply to address the Board's discretion under § 325(d)), *with Instrumentation Labs. Co. v. HemoSonics LLC*, IPR2018-00264, Paper 7 at 3–4 (P.T.A.B. Mar. 9, 2018) (finding no good cause for a reply and denying petitioner's request for authorization to file one where the follow-on petition issues were “reasonably foreseeable” but the petitioner made a “strategic decision to address the previous . . . IPR only briefly and to omit a detailed discussion of the factors set forth in *General Plastic*”).

77. *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 at 17 n.14 (P.T.A.B. Sept. 6, 2017) (quoting *Butamax Advanced Biofuels LLC v. Gevo*, IPR2014-00581, Paper 8 at 12–13 (P.T.A.B. Oct. 14, 2014)).

78. *See NetApp, Inc v. Realtime Data LLC*, IPR2017-01354, Paper 16 at 2, 10–11, 13 (P.T.A.B. Nov. 14, 2017); *see also* discussion *supra* Part III.A.

### CONCLUSION

The PTAB's newly precedential factors in *General Plastic* regarding whether to exercise discretion to deny follow-on petitions appears to change the game for patent challenges based on such petitions. The PTAB's early application of these factors suggests that petitioners should be diligent and speedy in filing a follow-on petition, or risk the PTAB denying institution. Both patent owners and petitioners should be mindful of how they advocate their positions relating to these factors, and they should also consider tackling these issues head-on in both the petition and the patent owner's preliminary response.